STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTERS OF:

SAFETY-KLEEN (BATON ROUGE), INC.
EAST BATON ROUGE PARISH
ALT ID NO. LAD 010 395 127

SAFETY -KLEEN (CROWLEY), INC.
ACADIA PARISH
ALT ID NO. LAD 079 464 095

IN THE MATTER OF LAIDLAW ENVIRONMENTAL SERVICES (RECOVERY), INC.

SAFETY-KLEEN CORP. f/k/a LAIDLAW ENVIRONMENTAL SERVICES, INC.

RESPONDENTS:

SAFETY-KLEEN (BATON ROUGE), INC.

SAFETY-KLEEN (CROWLEY), INC., f/k/a LAIDLAW ENVIRONMENTAL SERVICES (RECOVERY), INC., f/k/a GSX RECOVERY SYSTEMS, INC (SOMETIMES GSX, f/k/a HESCO CORPORATION)

SAFETY-KLEEN (COLFAX), INC.

SAFETY-KLEEN CORP.

SAFETY-KLEEN SYSTEMS, INC. (f/k/a SAFETY-KLEEN CORP.)

SAFETY-KLEEN (PLAQUEMINE), INC.

SAFETY-KLEEN (WHITE CASTLE), INC.

***ENFORCEMENT TRACKING NO.**
*** AE-CN-02-0046**
*** ENFORCEMENT TRACKING NO.**
*** HE-CN-01-0383**
*** AGENCY INTEREST NO. 1516**

*** ENFORCEMENT TRACKING NO.**
*** HE-CN-01-0384**
*** AGENCY INTEREST NO. 253**

*** DOCKET # AHD-HP-9404A**

*** DOCKET NO. AHD-HC-95047**
*** DOCKET NO. AHD-HP-95048**
*** DOCKET NO. AHD-HC-95153**
*** DOCKET NO. AHD-HP-95154**

PETITIONER:

THE LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY (DEPARTMENT)

PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL ACT, La. R.S. 30:2001, ET SEQ.

SETTLEMENT AGREEMENT

The following SETTLEMENT AGREEMENT is hereby entered into between Safety-Kleen (Colfax), Inc., Safety-Kleen Systems, Inc., Safety-Kleen (Plaquemine), Inc., Safety-Kleen (White Castle), Inc., Safety-Kleen Corp. (sometimes S-K Corp.), f/k/a Laidlaw Environmental Services, Inc., Safety-Kleen (Baton Rouge), Inc. (sometimes "SKBR"), Safety-Kleen (Crowley), Inc., (sometimes "Crowley"), f/k/a Laidlaw Environmental Services (Recovery), Inc., f/k/a GSX Recovery Systems, Inc. (sometimes "GSX"), f/k/a HESCO Corporation (sometimes "HESCO"), (collectively referred to as "Safety-Kleen") and the Louisiana Department of Environmental Quality (hereafter "LDEQ" or the—"Department"), under the authority granted by the Louisiana Environmental Quality Act, La.R.S. 30:2001, et seq., (the Act).

1.

Laidlaw Environmental Services (Recovery), Inc. operated a hazardous waste treatment, storage, and disposal facility under interim status in Acadia Parish, Louisiana, primarily for the blending and marketing of hazardous waste fuels and management of used oil. HESCO operated the facility prior to November 8, 1988. GSX Chemical Services, Inc. purchased 100 percent of the stock of HESCO and its subsidiaries on

November 4, 1988. HESCO's name was changed to GSX Recovery Systems, Inc., then to Laidlaw Environmental Services (Recovery), Inc. and later to Safety-Kleen (Crowley), Inc.

2.

The Department conducted inspections of the facility on or about November 14, 15, 16, and 22, 1988; on May 30, 1989; and on December 19, 1989. As a result of those inspections the Department issued enforcement actions HE-C-88-654, HE-P-88-631, HE-C-89-344, HE-P-89-369, HE-C-89-811 and HE-C-89-811A. The enforcement actions were appealed on a timely basis, and the Department entered into negotiations with Respondent, n/k/a Safety-Kleen (Crowley), Inc., for settlement of the enforcement actions.

3.

As a result of those negotiations, a partial settlement was reached and the parties entered into a settlement agreement. The settlement agreement, signed by Laidlaw Environmental Services (Recovery) Inc. on May 16, 1990 and signed by the Secretary of the Department on October 4, 1990, (the "October 4, 1990 Settlement Agreement") required Laidlaw to pay ninety thousand ($90,000.00) dollars in penalties, and settled all outstanding matters, other than those involved in the facility's use of certain disputed process equipment.

4.

Additional inspections and or incidents at the facility were conducted and or reported to or by Departmental personnel on or about November 30, 1990, January 22, 1991, April 13, 1991, April 18, 1991, October 24, 1991, October 29, 1991, March 10, 1992, September 15 and 16, 1992, March 9, 1993, December 14, 1993, May 3, 1994, October 19 and 20, 1994, November 15, 1994, April 20, 1995, October 6, 1995, October 9, 1995, June 18, 1996, and on February 19, 1997.

5.

As a result of those inspections and or reports to or by Departmental personnel, the Department issued enforcement actions HE-C-90-0613, HE-C-91-0569, HE-C-91-0120, HE-C-91-0204, HE-C-91-0588, HE-C-92-0057, HE-C-92-0138, HE-P-91-0058, HE-P-91-0591, HE-P-92-0200, HE-P-91-0216, HE-P-91-0263, HE-P-91-0570, HE-C-92-0475, HE-C-93-0129, HE-C-93-0701, HE-C-94-0191, HE-C-94-0419, HE-P-94-0420, HE-C-94-0422, HE-C-94-0525, HE-P-94-0454, HE-P-94-0062A, HE-C-95-0139, HE-C-95-0363, HE-P-95-0140, HE-C-95-0378, HE-C-95-0401, HE-C-96-0260, and HE-C-96-0261.

6.

All allegations contained in the compliance orders and penalty notices not settled in the October 4, 1990 Settlement Agreement involved disputed issues relative to the interpretation of the Louisiana Environmental Quality Act and the regulations adopted pursuant thereto. The disputed issues involved, but were not limited to, the following: (1) The proper definition of "Interim Status;" (2) The interpretation of the regulations

governing the management of containers containing hazardous waste which are destroyed as a part of the process employed by the facility; (3) The proper definition of a "closed container;" (4) The interpretation of regulations regarding the material remaining or draining out of a container which has been destroyed as a result of the process employed by the facility; (5) The applicability of the regulations governing "buffer zones" adjacent to the facility; (6) The proper interpretation and requirements for implementation of the Waste Analysis Plan; (7) The regulations governing the design, building, and use of the container staging area, the drum extruder, the hopper style grinder unit and its ancillary equipment, a circulating tank and its ancillary equipment, and the solids shredder unit and its ancillary equipment.

7.

Laidlaw Environmental Services (Recovery), Inc. filed a timely appeal of all findings of fact and conclusions of law contained in the Compliance Orders and the Penalty Notices, requested a hearing on each of the actions and continued negotiations with the Department over the disputed process equipment. Laidlaw Environmental Services (Recovery), Inc. continued to deny that it had violated any law or regulation or that it was responsible for any violations under the Environmental Quality Act or the regulations adopted pursuant thereto. Laidlaw Environmental Services (Recovery), Inc. further asserted that it was, and had been, at all times in substantial compliance with the Act and the regulations.

8.

Nonetheless, Laidlaw Environmental Services (Recovery), Inc., while continuing to deny all liability and allegations of non-compliance, for the express purpose of

avoiding the expense, effort, and uncertainty of further litigation expressly agreed to settle all then outstanding compliance orders, penalty notices or other enforcement actions in a subsequent agreement, under the terms and provisions contained in the settlement agreement signed by the Department on or about October 8, 1999 (hereinafter "Crowley Global Settlement"). Laidlaw Environmental Services (Recovery), Inc. agreed to close the facility in compliance with all applicable laws and regulations and pursuant to a departmentally approved closure plan. Laidlaw Environmental Services (Recovery), Inc. further agreed to provide a set dollar amount of certain hazardous waste disposal and related collection and transportation services, said services to be in lieu of civil penalties, to the Department, including testing, for any hazardous waste that the Department deemed necessary to dispose of and which Recovery was qualified to accept. As of the date of entry into this, the present SETTLEMENT AGREEMENT, the Department had not used all of the disposal, collection and transportation services made available to it under the Crowley Global Settlement.

9.

Recovery agreed to immediately, if it had not already done so, submit for approval to the Department a closure plan for the closure of all interim status units and the disputed units including the drum extruder, the hopper grinder and its ancillary equipment, a circulating tank and its ancillary equipment, the shredder device and its ancillary equipment, and the contained storage area for truck parking and staging. The submitted plan contains a schedule for closure. Recovery agreed to, immediately upon approval of the closure plan by the Department, institute closure of all units pursuant to the approved plan. In addition, Recovery agreed to submit to the Department a post-

closure permit application upon completion of closure activities. Post-closure activities were to begin on the effective date provided in the final approved post-closure permit. Failure of Recovery to submit to the Department an acceptable closure plan and to begin activities as required pursuant to the approved plan within three months of the final approval of the Crowley Global Settlement Agreement, with credit given for the time the Department is considering the plan, was to give rise to liquidated damages in the amount of five thousand dollars per day until the plan was accepted and the closure was begun respectively. Failure to complete the closure according to the schedule in the approved permit was to give rise to liquidated damages in the amount of five thousand dollars per day until the plan was completed. Any dispute arising under this stipulated penalties provision was to be submitted to the Division of Administrative Law, or any legal forum designated by law to handle administrative appeals, for decision, with the disputed amount paid into a special interest bearing account, with the proceeds distributed according to the decision of the Administrative Law Judge.

10.

On October 18, 1995, the LDEQ issued Compliance Order HE-C-94-0444 and Penalty Notice HE-P-0445 to Laidlaw Environmental Services, Inc., purporting to make certain findings of fact, ordering that the tank farm located on Highway 97 near Evangeline, Acadia Parish, Louisiana, take certain listed actions within a specified time frame and assessing a civil penalty in the amount of $37,972.80. In particular, the Department asserted that:

A. Respondent is storing hazardous waste in Tank 103 and Tank 106 without having interim status or a standard permit, in violation of LAC 33:303.B.

B. Respondent failed to provide secondary containment for Tank 103 and Tank 106, in violation of LAC 33:V.1907.

C. Respondent failed to perform daily tank inspections, in violation of LAC 33:V.1911.B.

D. Respondent failed to submit within thirty (30) days a written report on the release from Tank 106, in violation of LAC 33:V.1913.D.2, and

E. Respondent failed to design, construct, maintain, and operate to minimize the possibility of a fire, explosion, or any unplanned sudden or non-sudden release of hazardous waste or hazardous waste constituents to air, soil, or surface water which could threaten human health or the environment, in violation of LAC 33:1511.B.

11.

After having an opportunity to review the October 18, 1995 Compliance Order and Penalty Notice, Laidlaw Environmental Services, Inc. submitted a timely request for an adjudicatory hearing on the entirety of the Findings of Fact, Compliance Order and Penalty Notice, due to the absence of factual support in the record and the lack of a statutory and regulatory basis for all of the violations alleged. In the appeal, Laidlaw Environmental Services, Inc. contested both the accuracy of the findings of fact in that matter and the interpretation and application of the relevant law to those facts. This request for an adjudicatory hearing was made under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, *et seq.*, and was filed to render the Compliance Order and Penalty Notice non-final, in their entirety.

12.

On June 9, 2000, Safety-Kleen Corp. and seventy-three of its U.S. subsidiaries, including all of the subsidiaries named above, filed petitions for Chapter 11 bankruptcy relief in the United States Bankruptcy Court for the District of Delaware. The bankruptcy proceedings ("Bankruptcy Proceedings") for Safety-Kleen Corp. and all seventy-three of its U.S. subsidiaries are being jointly administered in that Court.

13.

On September 13, 2001, the LDEQ issued a Consolidated Compliance Order and Notice of Potential Penalty to Safety-Kleen (Crowley), Inc. purporting to make certain findings of fact, ordering that the 2029 Bayou Plaquemine Road facility (EPA I.D. No. LAD 079464095) take certain listed actions within specified time frames and indicating that a penalty was being considered by the LDEQ. After having an opportunity to review the September 13, 2001 Consolidated Compliance Order and Notice of Potential Penalty, including both the Findings of Fact and the Compliance Order, Safety-Kleen (Crowley), Inc. submitted a timely request for an adjudicatory hearing on paragraphs I-III of the Findings of Fact and paragraphs I-III of the Compliance Order section of the Consolidated Compliance Order and Notice of Potential Penalty, due to the absence of factual support in the record and the lack of a statutory and regulatory basis for all of the violations alleged. In the appeal, Safety-Kleen (Crowley), Inc. contested both the accuracy of the findings of fact in that matter and the interpretation and application of the relevant law to those facts. This request for an adjudicatory hearing was made under authority granted by the Louisiana Environmental Quality Act ("LEQA"),

La. R.S. 30:2001, *et seq.*, and was filed to render the Consolidated Compliance Order and Notice of Potential Penalty non-final, in its entirety.

14.

In further particular, the basis for Safety-Kleen (Crowley), Inc.'s Request for Adjudicatory Hearing included, without limitation, the following:

LDEQ's allegation of non-compliance involves the following determination:

> On or about May 31, 2000, the United States Department of Treasury terminated Frontier Insurance Company as an acceptable surety providing financial assurance for closure and post-closure care for RCRA treatment, storage, and disposal facilities. Respondent failed to provide financial assurance by an alternative means within 60 days of Frontier Insurance Company being terminated from the Treasury Department's Circular 570, in violation of LAC 33:V.3717.B.

However, Safety-Kleen (Crowley), Inc. asserted that nothing found within this determination establishes a violation of LAC 33:V.3717.B, for the following reasons:

> The only complaint raised by the LDEQ is that the United States Treasury Department has terminated Frontier Insurance Company from the Treasury Department's Circular 570. However, the law is clear in Louisiana that regulations in this state are unconstitutional as written, or applied, where they simply adopt federal determinations in order to establish non-compliance. See, e.g., *State v. Rodriguez*, 379 So.2d 1084, 1086-87 (La. 1980) and *Commissioner of Agriculture v. Plaquemines Parish Counsel*, 439 So.2d 348, 350 (La. 1983). To do so is an impermissible and unconstitutional delegation of authority.
>
> Moreover, the statute providing legislative authorization for this financial assurance regulation, La.R.S. 30:2192.B.(4) merely requires that there be adequate financial assurance to assure closure and post-closure care. Safety-Kleen has maintained financial assurance in place at all times. The Frontier surety bonds, backed by the 28.5 million dollar letter of credit from Toronto Dominion Bank, assure this closure and post-closure care. As such, the assertions made by LDEQ in the Consolidated Compliance Order and Notice of Potential Penalty do not provide a permissible basis to deem Safety-Kleen (Crowley), Inc. to be without the required financial assurance. Additionally, the doctrine of estoppel must apply.

Safety-Kleen (Crowley), Inc. further noted the application of the automatic stay to this enforcement action. Safety-Kleen (Crowley), Inc., also raised that The Notice of Potential Penalty included in the Consolidated Compliance Order and Notice of Potential Penalty does not constitute final agency action, was not enforceable on its face, and therefore is not subject to appeal at that time. However, to the extent that penalties were sought in that matter, or to the extent that the LDEQ otherwise considered the Notice of Potential Penalty to constitute final agency action, Safety-Kleen (Crowley), Inc. specifically requested that the adjudicatory hearing address any and all penalty issues, including, but not limited to, the considerations supporting the potential penalty calculation, for the reasons set forth above.

15.

Safety-Kleen (Baton Rouge), Inc. operates a facility at 13351 Scenic Highway in Baton Rouge, East Baton Rouge Parish, Louisiana. The site bears the EPA identification number LAD 010395127.

16.

On September 13, 2001, the LDEQ issued a Consolidated Compliance Order and Notice of Potential Penalty to Safety-Kleen (Baton Rouge), Inc. purporting to make certain findings of fact, ordering that the facility take certain listed actions within specified time frames and indicating that a penalty was being considered by the LDEQ.

17.

After having an opportunity to review the September 13, 2001 Consolidated Compliance Order and Notice of Potential Penalty, including both the Findings of Fact and the Compliance Order, Safety-Kleen (Baton Rouge), Inc. submitted a timely request for an adjudicatory hearing on paragraphs I-III of the Findings of Fact and paragraphs I-III of the Compliance Order section of the Consolidated Compliance Order and Notice of Potential Penalty, due to the absence of factual support in the record and the lack of a statutory and regulatory basis for all of the violations alleged. In that appeal, Safety-Kleen (Baton Rouge), Inc. contested both the accuracy of the findings of fact in this matter and the interpretation and application of the relevant law to these facts. This request for an adjudicatory hearing was made under authority granted by the Louisiana Environmental Quality Act ("LEQA"), La. R.S. 30:2001, *et seq.*, and was filed to render the Consolidated Compliance Order and Notice of Potential Penalty non-final, in its entirety.

18.

In further particular, the basis for Safety-Kleen (Baton Rouge), Inc.'s Request for Adjudicatory Hearing included, without limitation, the following:

LDEQ's allegation of non-compliance involves the following determination:

> On or about May 31, 2000, the United States Department of Treasury terminated Frontier Insurance Company as an acceptable surety providing financial assurance for closure and post-closure care for RCRA treatment, storage, and disposal facilities. Respondent failed to provide financial assurance by an alternative means within 60 days of Frontier Insurance Company being terminated from the Treasury Department's Circular 570, in violation of LAC 33:V.3717.B.

However, Safety-Kleen (Baton Rouge, Inc), Inc., asserted that nothing found within this determination establishes a violation of LAC 33:V.3717.B., for the following reasons:

> The only complaint raised by the LDEQ is that the United States Treasury Department has terminated Frontier Insurance Company from the Treasury Department's Circular 570. However, the law is clear in Louisiana that regulations in this state are unconstitutional as written, or applied, where they simply adopt federal determinations in order to establish non-compliance. See, e.g., *State v. Rodriguez*, 379 So.2d 1084, 1086-87 (La. 1980) and *Commissioner of Agriculture v. Plaquemines Parish Counsel*, 439 So.2d 348, 350 (La. 1983). To do so is an impermissible and unconstitutional delegation of authority.
>
> Moreover, the statute providing legislative authorization for this financial assurance regulation, La.R.S. 30:2192.B.(4) merely requires that there be adequate financial assurance to assure closure and post-closure care. The Frontier surety bonds, backed by the 28.5 million dollar letter of credit from Toronto Dominion Bank, assure this closure and post-closure care. As such, the assertions made by LDEQ in the Consolidated Compliance Order and Notice of Potential Penalty do not provide a permissible basis to deem Safety-Kleen (Baton Rouge), Inc. to be without the required financial assurance.
>
> Finally, Safety-Kleen has obtained new financial assurance coverage at almost all of the Louisiana facilities that Safety-Kleen owns and operates, including Baton Rouge. In July, Safety-Kleen provided the Department a specimen insurance policy, to be issued by Indian Harbor Insurance Company, that would provide additional coverage for facilities at Plaquemine, Colfax, Kenner, White Castle and one of Safety-Kleen's two Pineville facilities. This replacement program in Louisiana was part of a national program in which Safety-Kleen has replaced Frontier at more than 100 active facilities. The Bankruptcy Court has approved Safety-Kleen's request to enter into the necessary transaction with Indian Harbor.
>
> The Department has not yet provided comments on the replacement policy, nor has it accepted the policy as replacement for Frontier. In the meantime, the Frontier bonds remain in place, as does the $28.5 million letter of credit. Because the Frontier bonds remain in place at the facility, along with the letter of credit, Safety-Kleen has continued to pay premiums on that coverage, just as if Frontier had never been delisted from Treasury Circular 570. Accordingly, Safety-Kleen has maintained financial assurance in place at all times and the review by the LDEQ is the only remaining delay in placing new coverage for this facility. As such, the doctrine of estoppel must apply.

Safety-Kleen (Baton Rouge), Inc. further noted the application of the automatic stay to this enforcement action. Safety-Kleen (Baton Rouge), Inc. also raised that the Notice of Potential Penalty included in the Consolidated Compliance Order and Notice of Potential Penalty does not constitute final agency action, is not enforceable on its face, and therefore was not subject to appeal at that time. However, to the extent that penalties were sought in this matter, or to the extent that the LDEQ otherwise considered the Notice of Potential Penalty to constitute final agency action, Safety-Kleen (Baton Rouge), Inc. specifically requested that the adjudicatory hearing address any and all penalty issues, including, but not limited to, the considerations supporting the potential penalty calculation, for the reasons set forth above.

19.

On July 29, 2002, the Department issued a Consolidated Compliance Order & Notice of Potential Penalty ("CONOPP") bearing the Enforcement Tracking No. AE-CN-02-0046, and Agency Interest No. 8469, purporting to make certain findings of fact, ordering that the facility take certain listed actions within specified time frames, and indicating that a penalty was being considered by the LDEQ. The CONOPP alleged that the Safety-Kleen (White Castle), Inc. non-hazardous landfarm facility allowed anaerobic conditions to develop in the landfarm, in violation of Specific Condition Number 3 of Air Permit Number 1280-00046-01, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

After having an opportunity to review the July 29, 2002 CONOPP, including both the Findings of Fact and the Compliance Order, Safety-Kleen (White Castle), Inc. requested a meeting with the Department to present mitigating circumstances concerning the alleged violation. At this meeting, Safety-Kleen (White Castle), Inc. agreed to (i)

submit a management plan to address the alleged violation within ninety (90) days of the effective date of this Settlement Agreement; (ii) agreed to enter into a Compliance Schedule to implement the program developed in the management plan that is mutually acceptable to the Department and to Safety-Kleen (White Castle), Inc. and/or CHESI and its Operating Subsidiaries; and (iii) agreed to pay $10,000 TEN THOUSAND DOLLARS in order to resolve the proposed penalty without the risk, expense and uncertainties of litigation. The cash payment will be made by issuance of a check in the amount of $10,000.00, and payment will be made within thirty (30) days of final execution of the SETTLEMENT AGREEMENT by all parties. The Department agreed to accept this payment, in addition to the compliance commitments listed in (i) and (ii) of this Paragraph, as a full and complete settlement of any and all of the claims addressed herein.

20.

On February 22, 2002, Safety-Kleen Services, Inc. entered into an Acquisition Agreement with Clean Harbors, Inc. ("Acquisition Agreement") wherein Clean Harbors, Inc., or its Purchasing Subsidiaries, as defined in the Acquisition Agreement, agreed to purchase, among other things, all of the assets of the Chemical Services Division of Safety-Kleen Corp. located in the United States of America, except for the assets of Safety-Kleen (Pinewood), Inc., including, but not limited to, Safety-Kleen (Baton Rouge), Inc. and Safety-Kleen (Crowley), Inc. In accordance with the Acquisition Agreement, Clean Harbors Environmental Services, Inc. and/or its operating subsidiaries (hereinafter collectively referred to as "CHESI and/or its Operating Subsidiaries"), assumed certain environmental liabilities, including certain of the obligations set forth in

Compliance Order HE-C-94-0444.

21.

Nonetheless, without making any admission of liability under state or federal statute or regulation, and in order to avoid the prospect of future litigation and to settle all outstanding Notices of Potential Penalty, Penalty Notices and Compliance Orders referenced above, and to settle any and all actual or potential fines and/or penalties associated with any alleged violations of LAC 33:V.3717.B by the Safety-Kleen subsidiaries listed herein, Safety-Kleen agrees to provide and the Department agrees to accept a $50,000.00, FIFTY THOUSAND DOLLARS cash payment, $10,000.00 of which is to reimburse the department for its response costs. CHESI and/or its Operating Subsidiaries agrees to perform a Beneficial Environmental Project ("BEP") by providing $200,000.00, TWO HUNDRED THOUSAND DOLLARS in waste disposal and related collection and transportation services, said services to be rendered in lieu of civil penalties, to the Department, to include testing, for any waste that the Department deems necessary to dispose of and which CHESI and/or one (or more) of its Operating Subsidiaries have been authorized by its operating permits to accept, for a period of six years following execution of this SETTLEMENT AGREEMENT by the Department. CHESI and/or its Operating Subsidiaries agrees to set up a special account dedicated to tracking the Department's use of the services to be rendered and to report to the Department on a quarterly basis the amount charged to the account, the services rendered, and the amount remaining in the account, within forty-five (45) days from completion of environmental services so rendered. CHESI and/or its Operating Subsidiaries will charge the account the fair market value retail price charged to other

similarly situated customers disposing of a similar material in a commercially similar package and will include in its submittal proof of the market rate, in the form of invoices from other similarly situated customers, as proof of the fair market value retail price, of the services rendered. Any dispute as to the correctness of the charge to the account is to be submitted for a decision after a hearing is conducted by judges within the Division of Administrative Law. The referenced cash payment by Safety-Kleen, and the CHESI and/or its Operating Subsidiaries' services are being provided in full and complete settlement of any and all penalties or potential penalties and any and all claims of non-compliance under state or federal law relating to the facts and circumstances at issue in the above referenced enforcement actions, including but not limited to any and all alleged failures to obtain or maintain financial assurance, as addressed in this SETTLEMENT AGREEMENT and in the attached Compliance Schedule. The cash payment will be made by issuance of a check in the amount of $50,000.00, and payment will be made within thirty (30) days of final execution of the SETTLEMENT AGREEMENT by all parties. After examination of the "nine factors" pursuant to La.R.S. 30:2025(E)(3), the Department has determined that the cash payment, and the BEP to be performed, should be accepted as a full and complete settlement of any and all of the claims addressed herein.

22.

Safety-Kleen shall exercise its best efforts to obtain the approval of the Bankruptcy Court for this SETTLEMENT AGREEMENT. Once Safety-Kleen provides proof of such approval, the Department agrees that within thirty days thereafter it will withdraw any and all pending proofs of claim which the Department filed in the

Bankruptcy Proceedings. Within thirty days of withdrawal of the proofs of claim, Safety-Kleen, CHESI and/or its Operating Subsidiaries, and the Department will file joint motions to dismiss any and all pending enforcement actions against any Safety-Kleen entity and any CHESI entity or any of its Operating Subsidiaries referenced in this SETTLEMENT AGREEMENT.

23.

Safety-Kleen and the Department further agree that the Department will issue the attached Compliance Schedule, concurrent with the Department's signing of this SETTLEMENT AGREEMENT, and that Safety-Kleen (Colfax) Inc., Safety-Kleen Systems, Inc., Safety-Kleen (Plaquemine), Inc., Safety-Kleen (White Castle), Inc., Safety-Kleen (Baton Rouge), Inc. and Safety-Kleen (Crowley), Inc. will comply with the terms and conditions therein.

24.

As used in this Paragraph 24, the following terms shall have the following meanings:

Definitions

A. "Bankruptcy Case" shall mean the voluntary petitions for relief by Safety-Kleen Corp. and 73 of its U.S. subsidiaries which are being jointly administered in *In re Safety-Kleen Corp., et al.*, Case No. 00-2303 (FJW) (Bankr. D. Del.) (Jointly Administered).

B. "Environmental Cleanup or Response Cost Liabilities" shall mean any liability for closure, post closure, or corrective action with respect to a facility under an Environmental Law, for injunctive relief or reimbursement of costs for the cleanup of

substances, wastes, or material, or facilities under an Environmental Law, or for injunctive relief or damages under an Environmental Law relating to the release of substances, wastes, or material into the air, land, soil, surface waste, groundwater, or other medium.

C. "Environmental Compliance Obligation" shall mean any obligation to comply with an Environmental Law, but shall not include obligations to post or pay financial assurance or pay money judgments under Environmental Laws.

D. "Environmental Law" means any federal, state, or local statute or regulation regulating pollution, contamination, or the release, management, treatment, storage, disposal, transportation, or handling of hazardous or toxic substances, waste or material into the air, land, soil, surface waste, groundwater, or other medium, including but not limited to statutes or regulations regulating the cleanup of those substances, wastes, or material.

Except as stated in this Paragraph 24, and except as resolved in any fashion by paragraphs 21 and 23 above, all presently unknown and unknowable claims or rights to injunctive relief of the Department against Safety-Kleen for Environmental Cleanup or Response Cost Liabilities shall not be discharged or impaired by any plan of reorganization in the Bankruptcy Case, shall survive the Bankruptcy Case as if the Bankruptcy Case had not been commenced, and may then be determined in the manner and by the administrative or judicial tribunals in which such claims or rights to injunctive relief would have been resolved or adjudicated if the Bankruptcy Case had not been commenced. This Paragraph 24 applies to all Environmental Cleanup or Response Cost Liabilities of Respondents to the Department and is not limited to liabilities related to the

above-referenced facilities. Safety-Kleen agrees that any bar date for filing claims in the Bankruptcy Case shall not apply to claims covered by this Paragraph 24.

This Paragraph 24 does not apply to (i) any Environmental Cleanup or Response Cost Liability of Safety-Kleen for a money judgment that the Department has obtained prior to confirmation of a reorganization plan in the Bankruptcy Case, or (ii) any Environmental Cleanup or Response Cost Liability that the Department seeks by filing an action or claim in a court or administrative forum prior to confirmation of a reorganization plan in the Bankruptcy Case, if such asserted Liability would prevent Safety-Kleen from reorganizing. Safety-Kleen agrees that any general bar date for filing claims in the Bankruptcy Case shall not apply to claims within subparts (i) and (ii) of the foregoing sentence. If Safety-Kleen wishes to assert that a claim falls within subpart (i) or (ii), Safety-Kleen must establish a special bar date for claims within subparts (i) and (ii) and send out a special bar date notice that specifically identifies all such claims by case name and docket number that it believes fall within subparts (i) and (ii). Nothing in the foregoing abrogates or diminishes any rights that the Department has in the absence of this SETTLEMENT AGREEMENT. The Department may contest Safety-Kleen's contention that a claim falls within subparts (i) and (ii) and the Bankruptcy Court shall have exclusive jurisdiction over the determination of whether or not the claims file within subparts (i) and (ii) for purposes of determining the applicability of this Paragraph 24. In addition, this Paragraph 24 does not apply to any alleged Environmental Cleanup or Response Costs Liabilities of Safety-Kleen related in any way to operations at or of Marine Shale Processors, Inc., or any affiliate thereof.

25.

The Department agrees that Safety-Kleen has provided suitable replacement financial assurance in a form that is satisfactory to the Department for the facilities listed in Paragraph 1 (a) through (f) of the Compliance Schedule attached hereto. The Department further agrees that, within 15 days of the execution hereof, it will release all bonds issued by Frontier Insurance Company at those facilities, and that it will similarly release the Frontier Insurance Company bonds at each of the Safety-Kleen facilities listed in Paragraph 1 (g) and (h) no later than 15 days after the respective facility provides suitable replacement financial assurance coverage. The Frontier Insurance Company bonds will be sent by Federal Express, or similar overnight delivery, to Kathy Hodge, Safety-Kleen Corp., 1301 Gervais Street, Columbia, SC 29201.

26.

Safety-Kleen, and/or Clean Harbors, Inc. and/or CHESI and/or its Operating Subsidiaries, in entering into this settlement, make no admission that these entities violated any laws or regulations, and in fact expressly deny the same, but does agree that the Department may consider all Compliance Orders, Penalty Notices, and this SETTLEMENT AGREEMENT solely for the purpose of evaluating the facilities' compliance history in any future enforcement action. In any such future enforcement action, Safety-Kleen and/or Clean Harbors, Inc. and/or CHESI and/or its Operating Subsidiaries agree that these entities will be estopped from objecting to the consideration of the Compliance Orders, Penalty Notices, and this Settlement Agreement solely for the purpose of evaluating the affected facilities' compliance history.

27.

Safety-Kleen agrees to and has published a public notice advertisement in both the newspaper of general circulation in East Baton Rouge Parish and Acadia Parish, and, if different, the official newspaper for these Parishes, and the Baton Rouge Morning Advocate. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement and its attachments for public review and comment. Safety-Kleen has submitted a proof of publication affidavit to the Department and more than (45) forty-five days have elapsed since publication of the notice.

28.

Nothing in this agreement should be construed to in any way limit or modify Safety-Kleen's obligation to comply with all laws and regulations of the United States, the State of Louisiana, or any other entity whose law applies in any fashion, except as expressly set forth herein.

29.

Failure to pay the sums identified in Paragraphs 19 and 21 or to perform the BEP referenced herein shall void this Settlement Agreement, at the sole discretion of the Department, unless the period of time for performing the BEP is extended by mutual agreement in writing by the Department and Clean Harbors, Inc. and/or CHESI and its Operating Subsidiaries, or their respective successors or assigns.

SAFETY-KLEEN (BATON ROUGE), INC.

SAFETY-KLEEN (CROWLEY), INC., f/k/a LAIDLAW ENVIRONMENTAL SERVICES (RECOVERY), INC., f/k/a GSX RECOVERY SYSTEMS, INC (SOMETIMES GSX, f/k/a HESCO CORPORATION

SAFETY-KLEEN (COLFAX), INC.

SAFETY-KLEEN CORP.

SAFETY-KLEEN SYSTEMS, INC.

SAFETY-KLEEN (PLAQUEMINE), INC.

SAFETY-KLEEN (WHITE CASTLE), INC.

WITNESSES:

_____ BY:_____

_____ TITLE: _____

CLEAN HARBORS ENVIRONMENTAL SERVICES, INC.

WITNESSES:

_____ BY:_____

_____ TITLE: _____

THUS DONE AND SIGNED before me this ____ day of _____, 2002, at Braintree, Massachusetts.

_____
NOTARY PUBLIC

STATE OF LOUISIANA
Hall Bohlinger, Secretary
Department of Environmental Quality

WITNESSES:

_____

_____

BY: _____
Bruce Hammatt, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED before me this ____ day of _____, 2002, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC

Approved as to form and content:

R. Bruce Hammatt
Bruce Hammatt, Assistant Secretary

This Settlement Agreement has been reviewed, and is concurred in, by the Attorney General, under the provisions of La. R.S. 30:2025(H).

RICHARD P. IEYOUB
ATTORNEY GENERAL

BY:_____
ASSISTANT ATTORNEY GENERAL

DATED:_____

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

IN RE: SAFETY-KLEEN CORP.,	*
A DELAWARE CORPORATION, AND	*
	*
SAFETY-KLEEN (BATON ROUGE), INC., 13351	*
SCENIC HWY, BATON ROUGE, LA 70807,	*
LAD010395127	*
	*
SAFETY-KLEEN (COLFAX), INC.,	*
3763 HWY 471,	*
COLFAX, LA 71417, LAD981055791	*
	*
SAFETY-KLEEN (CROWLEY), INC., 2029	*
BAYOU PLAQUEMINE ROAD,	*
RAYNE, LA 70578,	*
LAD079464095	*
	*
SAFETY-KLEEN SYSTEMS, INC.	*
TYLER AVENUE, KENNER, LA 70062,	*
LAD985171024	*
	*
SAFETY-KLEEN SYSTEMS, INC.,	*
518 RYDER DRIVE, PINEVILLE, LA 71360	*
LAD981057441	*
	*
SAFETY-KLEEN SYSTEMS, INC.,	*
4200 SHREVEPORT HWY.	*
PINEVILLE, LA, 71360 LAD000757708	*
	*
SAFETY-KLEEN (PLAQUEMINE), INC., 32655	*
GRACIE LN, PLAQUEMINE, LA 70764,	*
LAD000778514	*
	*
SAFETY-KLEEN (WHITE CASTLE), INC.	*
52735 CLARK RD., WHITE CASTLE, LA	*
70788, [TD-047-1410] [P-0059]	*
	*
RESPONDENTS,	*
LOUISIANA DEPARTMENT OF	*
OF ENVIRONMENTAL QUALITY	*
	*
PETITIONER.	*

COMPLIANCE SCHEDULE

In accordance with La. R.S. 30:2011(D)(2); 2011(D)(6); and 2011(D)(14), and pursuant to that SETTLEMENT AGREEMENT entered into on this same date by the Louisiana Department of Environmental Quality ("LDEQ") and, among others, Safety-Kleen Corp., the Secretary of the LDEQ has determined, as follows:

1. Findings of Fact

Safety-Kleen Corp. is a Delaware corporation, with corporate headquarters in Columbia, South Carolina, and is the parent company of various subsidiaries owning and/or operating hazardous waste treatment, storage, or disposal facilities ("TSDF's"); hazardous waste transfer facilities, and/or other regulated solid and hazardous waste facilities within Louisiana.

1. The Safety-Kleen facilities in Louisiana, and their specific corporate owner and operator, are:

   a. Safety-Kleen (Colfax), Inc.
   3763 Hwy 471, Colfax, LA 71417
   LAD981055791

   b. Safety-Kleen Systems, Inc.
   518 Ryder Dr., Pineville, LA 71360
   LAD981057441

c. Safety-Kleen (Plaquemine), Inc.
32655 Gracie Ln, Plaquemine, LA 70764
LAD000778514

d. Safety-Kleen (White Castle), Inc.
52735 Clark Rd., White Castle, LA 70788
TD-047-1410

e. Safety-Kleen Systems, Inc.
2423 Tyler St., Kenner, LA 70062
LAD985171024

f. Safety-Kleen (Baton Rouge), Inc.
13351 Scenic Hwy, Baton Rouge, LA 70807
LAD010395127

g. Safety-Kleen (Crowley), Inc.
2029 Bayou Plaquemine, Rayne, LA 70578
LAD079464095

h. Safety-Kleen Systems, Inc.
4200 Shreveport Hwy, Pineville LA 71360
LAD000757708

2. On June 9, 2000, Safety-Kleen Corp. and seventy-three of its U.S. subsidiaries, including the subsidiaries named above, filed voluntary petitions for Chapter 11 bankruptcy relief in the United States Bankruptcy Court for the District of Delaware. The bankruptcy proceedings for Safety-Kleen Corp. and all seventy-three of its U.S. subsidiaries are being jointly administered in that Court.

3. Pursuant to the Louisiana Environmental Quality Act and regulations promulgated thereunder, the facilities listed in Paragraph 1 (collectively, the "Louisiana Facilities") are each required to establish financial assurance for closure and post-closure activities. Prior to May 31, 2000, the Louisiana Facilities provided financial assurance by, among other

things, use of surety bonds issued by Frontier Insurance Company of Rock Hill, New York ("Frontier").

4. Pursuant to regulations issued under to the Louisiana Environmental Quality Act, the surety company issuing the bond(s) must, at a minimum, be among those listed as acceptable sureties on Federal bonds in Circular 570 of the U.S. Department of the Treasury. LAC 33.V.3707(c)(1); LAC 33.V.3711(c)(1).

5. On June 6, 2000, the U.S. Treasury Department notified the public that the Certificate of Authority issued by the U.S. Treasury Department to Frontier under 31 U.S.C. §§ 9304-9308 to qualify as an acceptable surety on Federal bonds had been terminated May 31, 2000. 65 Fed. Reg. 35998-35999 (June 6, 2000).

6. By letter dated June 21, 2000, the LDEQ requested that the Louisiana Facilities replace Frontier.

7. Even though Frontier has lost its Circular 570 listing, its financial assurance bonds for the Louisiana Facilities are still in place, except to the extent LDEQ has accepted replacement coverage proffered by Respondents.

8. Representatives of the LDEQ and of Respondents met to discuss the foregoing financial assurance issues on July 13, 2000, and have communicated regularly since that time regarding Respondents' ongoing efforts to obtain replacement financial assurance for the Louisiana Facilities.

9. Respondents have provided LDEQ replacement financial assurance for the Louisiana Facilities identified in Paragraph 1, subparagraphs (a) through (f). That coverage will take effect after LDEQ accepts it in writing and the coverage will then replace the Frontier bonds at those facilities.

10. Because Frontier, which has been removed from Circular 570, has not been replaced at one Safety-Kleen Systems, Inc. facility in Pineville and at the Safety-Kleen (Crowley), Inc. facility, this Compliance Schedule is entered to ensure that Louisiana will be protected if these Safety-Kleen subsidiaries default on their respective closure/post-closure obligations for these two Louisiana Facilities prior to the time the Frontier bonds at those facilities are replaced.

2. Conclusions of Law

11. Safety-Kleen Corp.'s operating subsidiaries doing business in Louisiana are subject to the Louisiana Environmental Quality Act, and the rules promulgated thereunder.

12. This Compliance Schedule may be entered pursuant to La. R.S. 30:2011(D)(2), (6) and (14).

3. Compliance Schedule

15. Pursuant to La.R.S. 30:2011(D)(6), Safety-Kleen (Crowley), Inc. are hereby ordered to use their best efforts to establish financial assurance for closure and post-closure care at the referenced facilities in complete

compliance with Louisiana statutory and regulatory law by October 15, 2002. The LDEQ recognizes that (i) the assets of Safety-Kleen (Crowley), Inc. are being sold to Clean Harbors, Inc., that this sale is expected to close before October 15, 2002, and that if this sale closes, Clean Harbors, Inc. and/or CHESI and/or its Operating Subsidiaries are responsible for obtaining replacement financial assurance; (ii) Safety-Kleen (Crowley), Inc. may not be able to obtain replacement financial assurance on this schedule without the consent or cooperation of third parties, including their lenders and the Bankruptcy Court. Safety-Kleen (Crowley), Inc. will not be deemed to have failed to use its best efforts to obtain compliant financial assurance if the consent and cooperation of third parties is required to obtain compliant financial assurance and cannot be obtained. Safety-Kleen (Crowley), Inc. shall exercise its best efforts to obtain such consents and cooperation.

16. Respondents shall comply with their obligations to pay required environmental fees or other payments and will maintain current environmental programs with respect to the Louisiana Facilities. They will continue to pay the premiums and maintain their current bonds, as described hereinabove, with Frontier until an approved alternative financial assurance mechanism is established for the Louisiana Facilities. Additionally, Respondents will not seek to withdraw the stand-by letter of credit in the amount of $28.5 million until alternative financial assurance has been established for the Louisiana Facilities.

17. If Frontier directly informs Respondents that any state or the United States has undertaken administrative or judicial proceedings seeking payment under any surety bond issued on their behalf by Frontier, Respondents shall promptly advise the LDEQ. If the LDEQ determines that such proceedings may jeopardize the financial assurance for closure or post-closure of the Louisiana Facilities, the LDEQ reserves the right to issue additional orders or take additional actions, as it deems necessary to protect the State's interests.

18. Respondents will ensure continuous compliance with all other applicable Louisiana laws and regulations with respect to the on-going generation, treatment, storage, and/or disposal of solid or hazardous wastes during the pendency of this action.

19. Respondents will not enter into any agreement for the transfer of any of the Louisiana Facilities that are the subject of this Order unless the purchaser or successor in interest has demonstrated to the satisfaction of the LDEQ that it has established financial assurance in accordance with the Louisiana Environmental Quality Act, the regulations thereunder, and 40 CFR Part 264, Subpart H.

Done this ____ day of _____, 2002.

_____
Hall Bohlinger, Secretary
Louisiana Department of Environmental Quality